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OECD Innovation Strategy: Key business considerations

Innovation offers a powerful platform for post-crisis recovery provided that OECD countries embrace the new innovation paradigm, which is characterised by the shifting geography of innovation in major non-OECD countries as well as the growing importance of green growth and other global challenges in policy thinking. Through the Innovation Strategy, the OECD has played a major role in proposing coherent policy recommendations for fostering innovation.

Building on the outcome of the Strategy, we encourage Ministers to keep innovation as an overarching priority on the OECD's agenda, recognising that this requires a whole-of-government approach, high-level political leadership as well as co-operation at the national and international levels and with the private sector.

Foster an overall innovation-friendly policy framework: Vast amounts of financing will be necessary to encourage the development and deployment of technology, which is a particular challenge coming out of the crisis. The provision of a coherent policy framework that facilitates the necessary financial flows for innovation and encourages entrepreneurship and the diffusion of technology is essential.

This calls for a comprehensive policy approach, including a clear and stable legal, fiscal and regulatory framework, sustainable policies for investment and capital formation, an effective intellectual property rights (IPR) regime, sound trade, investment and competition policies as well as infrastructure tailored to the needs of innovation, including information and communication technologies (ICT). The OECD should continue its work on understanding the linkages among policies, which needs to be underpinned by a co-ordinated policy approach.

Unleash the power of entrepreneurship: Entrepreneurial policies make a critical difference for innovation and provide new comparative advantages for growth. Obstacles to entrepreneurship, such as legal and administrative barriers to company entry and exit, lack of risk capital, and limitations on universities and public research organisations as the hubs of entrepreneurial ecosystems, need to be addressed. We encourage the OECD to help improve our understanding of the role of public policy in enabling entrepreneurship and the role of entrepreneurial firms in providing new sources of innovation and growth.

Foster education and skills for innovation: Without the right mix of skills, we cannot reap the full benefits of innovation. Therefore, education and training are not only necessary to ensure against shortages of highly-skilled workers in key economic sectors, but also to help

individuals' adaptability to the changing nature of jobs across all sectors. We call upon the OECD to help establish high-quality education systems and to encourage sufficient international mobility as well as close co-operation between the public and private sectors.

Foster innovation for green growth and addressing global challenges: BIAC welcomed the launch of the Green Growth Strategy, underlining that innovation is a “must” to work effectively towards this major policy goal. Green growth requires innovation in a wide range of technological and non-technological areas, major progress in the development and deployment of key technologies, better use of existing knowledge and technologies across sectors and geographical boundaries as well as a holistic approach with due consideration to value chains. We encourage the OECD to incorporate innovation and entrepreneurship as key pillars in implementing the Ministerial mandate on Green Growth.

Realise the potential of intellectual assets for new types of value creation: Intellectual assets, such as IPRs, software, designs, brands and reputational capital, are becoming increasingly important elements for value creation. Our economies have to develop new mixes of resources and skills within new innovation eco-systems to adapt to this changing context. BIAC believes that work on intellectual assets and their contribution to growth should remain high on the agenda to further improve the understanding of their contribution to value creation in the context of a rapidly changing environment.

Promote the benefits from co-operation in globally-connected societies: Firms increasingly rely on knowledge developed by global centres of expertise. It is therefore essential that policy measures take into account the global and more open nature of the innovation process. At the same time, major non-member economies are becoming increasingly involved in global developments towards knowledge-based growth. There is a common interest in identifying and implementing those policy approaches that can benefit local economies and encourage international co-operation in order to deliver sustainable economic development on a global scale.

Take a whole-of-government approach: Policymaking for innovation needs to shift from discrete issues with relatively narrow constituencies in individual Ministries to co-ordinated innovation strategies that engage broader constituencies. Looking forward, the priority should be to implement and establish effective and comprehensive framework conditions as suggested by the Innovation Strategy, requiring new ways of policy co-ordination. We call upon Ministers to support these efforts and to keep the implementation of the OECD Innovation Strategy as an overarching strategic objective on the OECD agenda.